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6 August 1962 25X1

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CENTRAL INTELLIGENCE BULLETIN



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Cambodia: Prince Sihanouk's announced plan for forming a new government early next month reflects his growing desire to effect long-range economic and political reforms. He intends in the interim to consult with senior officials on the development of a program which would emphasize financial policy reforms and provide the basis for a government "of long duration." Cambodia has been stable under Sihanouk's leadership, but faces increasing economic difficulties resulting from the absence of a sound development plan. Frequent changes of administration have also hampered economic and political progress.

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Congo: Tshombe is stepping up pressure on Union Miniere, the Belgian company which dominates Katangan mining and industry, to pay revenues on mineral exports in advance of shipment. The size of the advance payment Tshombe is seeking is reported to be between \$80,000,000 and \$120,000,000 in foreign exchange. The company now pays Tshombe between \$40,000,000 and \$50,000,000 annually in taxes on exports valued at about \$250,000,000. Tshombe's aim apparently is to build up sufficient foreign exchange to enable him to sit out a UN or Western campaign of economic pressure against him and to block central government efforts to collect the mining revenues now going to Katanga. Union Miniere officials have previously resisted Tshombe's pressures for advance payments and claim that an advance of this magnitude is "financially impossible." Tshombe, however, says the present system of payment is "intolerable" and his Swiss economic adviser has warned the company that it may invite nationalization if it is not

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Brazil: President Goulart's leftist regime is expected to ask the conservative congress on 8 August for a delegation of legislative powers to the executive. The congress is unlikely to delegate more than limited powers, but Goulart's expected effort to increase his power--despite the institution of a parliamentary regime last September--is causing both his opponents and his supporters to try to line up military backing for a showdown. Certain supporters of Goulart are apparently urging him to shut down congress if it refuses his request for a broad delegation of powers, but the President is undoubtedly aware that any clearly extraconstitutional measure would add substantially to opposition strength.

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Turkey: Extremists of the former military junta are planning an early return to political activity in Turkey. The 14 former officers who were "exiled" to diplomatic missions abroad in November 1960 recently gathered in Brussels for a strategy conference but split into two factions, both of which intend to enter Turkish politics. Ex-Col. Kabibay, who leads 10 of the 14, appears to have considerable support among the officer corps and former military dissidents, and claims widespread popular support. Three supporters of Kabibay have already left for Turkey and Kabibay intends to return in about three weeks to form a new political party with a nucleus of 25-40 Grand National Assembly deputies. He hopes to split the leading government party of Prime Minister Inonu and force new general elections by January 1963. While Kabibay may be overly optimistic about his immediate capabilities, the extensive reform program that he intends to promote will attract many adherents.

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Common Market - Britain: [The adjournment early yesterday until "autumn" of negotiations between the UK and the Common Market is a setback to Britain's prospects for early accession to the EEC. The Macmillan government had hoped to obtain Commonwealth endorsement of an EEC-UK package agreement at a meeting of Commonwealth prime ministers on 10 September, and to secure parliamentary approval later that month to continue negotiations. British officials have previously indicated it would be difficult to reschedule the prime ministers' meeting.]

[The decision to adjourn followed four days of almost continuous negotiation which, despite heavy going, had made substantial progress on the outstanding issues. Agreement evidently foundered, however, on Britain's determination to receive further assurances that EEC farm prices would not be permitted to rise to such levels that resulting increases in EEC production would seriously endanger future Commonwealth agricultural exports to the EEC. A major obstacle to the EEC's being able to offer such price guarantees has been Bonn's reluctance to acknowledge that the EEC's common agricultural policy may result in a substantial reduction in the very high prices received by the West German farmer.]

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The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

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The Assistant Secretary of Defense

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Chief of Staff, United States Air Force

Chief of Staff, United States Army

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The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

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